



U.S. Department of Justice

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NEWS SUMMARY

March 1, 2010

Former CEO of Havenwood Nursing and Rehabilitation Center Pleads Guilty to Tax Evasion

James L. Santelle, the United States Attorney for the Eastern District of Wisconsin, announced that Karen Mason, who was previously known as Karen Mueller (dob xx/xx/1952) pleaded guilty to tax evasion, in violation of 26 U.S.C. § 7201. Ms. Mason, who previously resided in Oconomowoc, Germantown and Menomonee Falls, is the former part-owner, administrator, and chief executive officer of Havenwood Nursing and Rehabilitation Center, which was a skilled nursing facility located in Milwaukee, Wisconsin.

According to the charge to which Ms. Mason pleaded guilty, Mason used her position at Havenwood to use funds belonging to Havenwood to pay her personal expenses and otherwise convert Havenwood funds to her personal benefit and to the benefit of others, including her then-husband, her friends, her children and their friends.

During the years 2002 through 2005, Mason used more than \$1 million in funds belonging to Havenwood to pay for personal expenses for herself, her then-husband, her friends, her children and their friends, none of which she reported as income. These included more than \$150,000 in direct payments to her children and their friends; approximately \$60,000 to purchase jewelry; approximately \$150,000 for furniture, carpeting and other home improvements; approximately \$108,000 for personal vehicles for herself and her children; \$87,000 for treatment at a rehabilitation clinic for one of her children; more than \$60,000 for tickets to concerts and sporting events; more than \$30,000 in expenses associated with the wedding and honeymoon of one of her children; more than \$300,000 for various personal expenditures, including payments to the Milwaukee Yacht Club, personal travel and vacations

Mason filed federal income tax returns for the years 2002 and 2003 that failed to report all of the income she received and failed to file tax returns for the years 2004 and 2005. Based on Mason's failure to report as income her use of Havenwood funds to pay personal expenses, Mason under-reported and underpaid her federal income taxes for the years 2002 - 2005 by more than \$360,000.

Mason, who was released on her own recognizance, faces up to 5 years in prison and a fine of up to \$250,000. She is scheduled to be sentenced on May 21, 2010.

"Individuals who violate the law to further their business and personal interests and intentionally evade paying their fair share of taxes undermine public confidence in our tax system and unfairly disadvantage businesses that play by the rules, according to IRS Criminal Investigation Division Special Agent in Charge, Julio LaRosa. "Those Americans who file accurate, honest and timely returns can be assured that the government will hold accountable those who don't."

This matter was investigated by agents from the Internal Revenue Service, Criminal Investigation Division, and the Office of Inspector General for the U.S. Department of Health and Human Services. The case is assigned to Assistant U.S. Attorney Matthew L. Jacobs for prosecution.

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